

# LOOKING FORWARD TO QUARTER 4?

After a challenging nine months the fourth quarter can be viewed with either trepidation or confidence; it's all in the mind and it's what leadership is all about.

One of the ways to give substance to a confident outlook is to ensure that performance improves in areas of the business that combine people and processes from different departments. The sense of well being felt by managers when they start doing things more effectively can spread throughout their team.

An excellent area of potential exists in credit control. Here, accounts staff can work closely with department managers to ensure debt is collected more quickly and efficiently. Bad debt can be avoided, debtor days can be reduced and it's always good to have more cash in the bank.

As with so many KPIs within a dealership, it's easy to think that a good performance can't be improved upon. However, identifying the people that influence the result and the processes they undertake that contribute to performance can illustrate what needs to be done to get better.

People and processes are the cornerstone of KPIs. Understanding the Key People Process Indicators (KPPIs) that contribute to debt management can identify areas for improvement at virtually every dealership in the country. Debt management KPPIs include:

- Credit controllers and operational management working closely together by having access to and reviewing debt by ledger, account and record in real time
- The same people maintaining an audit trail of activity by

recording issues and next actions to ensure efficient collection of debt and minimal risk of bad debt

- Uncollectable debt being quickly and clearly identified and passed back to the individual responsible, via the audit trail, to record and action outstanding issues

Nowadays most vehicle debtors occur with finance or leasing companies. So having an easily accessible, clear picture of these large outstanding debts enables proactive contact before they become overdue. Many bad debts are created when accounts which are either 'On Stop' or have poor payment history are allowed credit. If this information is easily available, these occurrences can be prevented at source.

As with all effective processes, management need an overview combined with drill down capability to individual accounts and records. Time spent running and printing reports, handwriting past or future actions and arguing over the accuracy of data is valuable time wasted.

Even if you are happy with your debtor KPIs, it might be worth understanding your debtor KPPIs because, if the latter can be improved, the KPI will naturally follow. You maybe surprised at what your business can achieve - and your people will be motivated by working with improved processes. Bring on the fourth quarter!

■ *This editorial was supplied by Barry Cooper, managing director of Cooper Solutions ([www.coopersolutions.co.uk](http://www.coopersolutions.co.uk)) a commercial partner in Auto Retail Network*